

**TRIBAL-STATE ASSOCIATION REGULATORY STANDARDS TASK FORCE  
FINAL REPORT REGARDING AMENDMENT TO CGCC-8  
JANUARY 12, 2011**

**I. INTRODUCTION**

On April 5, 2010, the Tribal-State Association (“Association”) met at the Viejas Casino and discussed the form of Uniform Tribal Gaming Regulation CGCC-8 (Minimum Internal Control Standards) (“CGCC-8”) which would be endorsed by the Association and submitted to the California Gambling Control Commission (the “CGCC”) for consideration and adoption. In advance of this meeting, representatives of the Rincon Band of Luiseño Indians and Rincon Gaming Commission (collectively “Rincon”) circulated a form of amendment to the CGCC-8 which is substantially similar to the form of Proposed Amendment attached to this Report (“Proposed Amendment”). In the interests of adoption of CGCC-8, Rincon withdrew its request for an additional amendment to CGCC-8 noting that it would be subsequently presented to the Association for consideration. A number of Association tribal delegates and the Bureau of Gambling Control indicated they would at a later date support an amendment to the CGCC-8 to achieve the goals and objectives identified within the Proposed Amendment. The Proposed Amendment is similar to the “NIGC Safe Harbor” provision of the CGCC-8 and would allow Tribal Gaming Agencies and Gaming Operations to be exempted from certain provisions of the regulation provided that certain information was provided to the CGCC on an annual basis.

The CGCC-8 became effective after formal adoption by the Association on June 2, 2010.

**II. Association Task Force Meetings**

Rincon, in coordination with the Bureau of Gambling Control, re-circulated the Proposed Amendment and formally presented the Proposed Amendment to the Association for consideration in advance of the September 4, 2010 Association meeting hosted by Rincon. In response to this proposal, the Association formed a Task Force to review and consider the Proposed Amendment. The Association Task Force was open to all state and tribal delegates of the Association. The Association Task Force met at the Harrah’s Rincon Resort and Casino on October 21, 2010; the Bureau of Gambling Control offices in Sacramento on November 10, 2010; and through telephone conference on December 14, 2010, December 21, 2010 and January 6, 2011. Representatives of the State Gaming Agency, i.e., CGCC and the Bureau of Gambling Control were present at each of the meetings, except for the September 4, 2010 meeting from which the CGCC was absent and the December 21, 2010 and January 6, 2011 conference calls from which the Bureau of Gambling Control was absent. The meetings of the Association Task Force were productive and resulted in a Proposed Amendment that addressed the concerns raised by Tribal Gaming Agency members of the Task Force, the Bureau of Gambling Control, and the CGCC.

### **III. Discussion**

All members of the Association Task Force agree that efficient and effective regulation of tribal gaming in California is of primary importance. Certain subsections of section 8.1 of the various tribal-state compacts between the State of California and the individual tribes (the “Compacts”) outline matters that Tribal Gaming Agency (the “TGA”) rules, regulations and specifications must address (“Tribal MICS”). To that end, the Association Task Force focused on the manner in which the State Gaming Agency (“SGA”) plays a role in verifying that the TGA is ensuring the enforcement of the Tribal MICS, consistent with the SGA’s role and responsibilities under the Compacts. To accomplish the goals of the Compacts and the CGCC-8 as passed, the Task Force engaged in a thorough analysis of the proposed TGA-SGA Safe Harbor Amendment to CGCC-8.

The purpose of the Proposed Amendment is to provide an additional method of compliance with the CGCC-8 that satisfies the requirements of the Compacts and issues identified within the CGCC-8 regulation. The amendment also takes into account the budgetary impact on both the CGCC and individual Tribal Gaming Agencies if the CGCC were to conduct multi-week long compliance reviews at every Tribal Gaming Operation every year.

In short, the proposed amendment provides that the TGA will provide certain Tribal MICS compliance review materials to the SGA and the SGA will be able to conduct its review at its offices in Sacramento. Under this alternative, as a general matter, on-site compliance reviews will be unnecessary. After review of the submitted Tribal MICS materials, if the SGA makes a reasonable determination that there is substantial evidence of material noncompliance with the requirements of the Tribal MICS which bear upon the integrity of the gaming operation, then a process is triggered whereby the SGA and TGA meet and confer and attempt to resolve outstanding issues. Finally, if Tribal MICS material noncompliance issues have not been resolved through this meet and confer process, the SGA may conduct a “compliance review” action with regard to those issues in accordance with the terms of the CGCC-8.

Upon review and discussion of the Proposed Amendment, the Association Task Force finds that the amendment is a beneficial addition to the CGCC-8. As the Proposed Amendment is a voluntary alternative compliance provision, not every TGA will take advantage of its provisions. That being said, there are Tribal Gaming Agencies which seek to have this alternative compliance provision available as it is efficient, has less of a negative economic impact on the Tribal Gaming Operation than the status quo, and continues to recognize the authority and responsibilities of Tribal Gaming Agencies as the front-line regulators. Additionally, this amendment benefits the SGA both in efficiency and economic measures as well.

### **IV. Recommendation**

The Association Task Force recommends that the Association request that the SGA proceed with all due speed to adopt the Proposed Amendment and present the same for approval of the Association.